



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

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Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 17, 2006

CERTIFIED RETURN RECEIPT 7044 2510 0004 1824 7517

Mr. Dexter Anderson
Red Dome Inc.
730 North 3900 West
Fillmore, UT 84631

Subject: In the Matter of the Stop Work Conference, Findings, Conclusions and Order for the Red Dome Unpermitted Site, Cessation Order MC-2006-04-02, M/027/032, Millard County, Utah

Dear Mr. Anderson:

On February 26, 2006, the Division of Oil, Gas and Mining (OGM or Division) held a Stop Work Conference at the Red Dome un-permitted site, M027/032 in Millard County, Utah. The following individuals attended: Presiding: Mary Ann Wright, Associate Director, Mining; Tom Munson, Senior Reclamation Specialist with OGM; Mine representatives: Dexter Anderson, Ken Sanderson and Lee Miller.

The Findings and Conclusions and Order in this matter are based on information provided by the Division and Misters Anderson, Sanderson and Miller in connection with this Stop Work Conference, and on information in the files of the Division.

FINDINGS & CONCLUSIONS

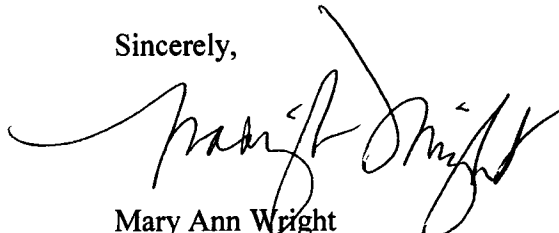
1. Cessation Order MC-2006-04-02 was issued 2/22/06 for 'Failure to Provide Adequate Surety Prior to Commencing Mining Activity' and required all mining to cease.
2. In a letter received February 23, 2006, Mr. Anderson requested a Stop Work Conference.
3. A Stop Work Conference was scheduled for Monday 2-26-06, and held 10:00 am, in accord with R647-6-102.4.

4. The Division sent a letter on February 1, 2006 to Red Dome, Inc., requiring a reclamation guarantee of \$150,000 to be posted with the state of Utah.
5. The Division has been working with Red Dome, Inc. for 16 years to get them permitted. Red Dome has perennially stated to OGM that it does not fall under state mining law and rules.
6. Based on a geologic investigation by the Utah Geological Survey, the definition of sand, gravel and rock aggregate does not apply to this site. Mining has in fact occurred without the required permit and reclamation bond.
7. Mine representatives expressed a concern that the conference officer is not an impartial party. Red Dome representatives also stated that they have been working with OGM for 16 years on the permitting issue.
8. Red Dome has a contract with UDOT to supply de-slicking rock for icy roads, and a performance bond that requires them to provide the product. This Cessation Order has shut the mine down and prevented the delivery of product to UDOT.
9. The mine gate was closed and locked. Red Dome stated that no mining and no product delivery was taking place due to the issuance of the CO.
10. Red Dome represented they believed the process of permitting and bonding the mine has been moving forward in good faith.
11. Red Dome represented that Mr. Gordon Griffin, the owner of the mine, could post a \$100,000 Letter of Credit with the state of Utah. On November 8, 2001, Red Dome posted a \$44,000 LOC with the BLM. The state is not named on that LOC.
12. The Red Dome representatives were asked if an LOC for \$100,000 could be posted with the state, and the BLM LOC would be altered to have the state named as well as BLM.
13. A tour of the site revealed some simple issues that need clarification in the permit in order to move its approval forward.
14. It is concluded from the information presented that Red Dome could post either a \$56,000 LOC with the State of Utah, and the LOC posted with the BLM could be amended to add the state as a party or, Red Dome could post a \$100,000 LOC with the state and then work with the BLM to release the other LOC.

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If you wish to appeal this Order to the Board of Oil, Gas and Mining, you may do so by contacting the Division within 30 days of receipt. Please contact Julie Carter, Secretary to the Board at 801-538-5277. If you have any questions regarding this letter, please contact me at 801-538-5306.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright", written over a horizontal line.

Mary Ann Wright
Associate Director, Mining

MAW/vs

cc: Susan White
Daron Haddock, DOGM
Tom Munson, DOGM

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